

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE K		PAGE 1 OF 4		
2. AMENDMENT/MODIFICATION NO. 0004		3. EFFECTIVE DATE 28 August 2001		4. REQUISITION/PURCHASE REQ. NO. N/A		5. PROJECT NO. (If applicable)	
6. ISSUED BY DEFENSE ENERGY SUPPORT CENTER 8725 JOHN J. KINGMAN ROAD, SUITE 4950 FT. BELVOIR, VA 22060-6222 BUYER/SYMBOL – M. NICHOLSON/DESC-APP PHONE (703) 767-9652		CODE SCO600 FAX (703) 767-8757 P.P. 8.2		7. ADMINISTERED BY (If other than Item 6) CODE			
8. NAME AND ADDRESS OF CONTRACTOR (NO., Street, City County, State, and ZIP Code)				X	9a. AMENDMENT OF SOLICITATION NO. SP0600-01-R-0008		
					9b. DATED (SEE ITEM 11) April 17, 2001		
					10a. MODIFICATION OF CONTRACT/ORDER NO.		
					10b. DATED (SEE ITEM 13)		
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<p>[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers</p> <p>[X] is extended, [] is not extended</p> <p>Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning <u>1</u> copies of the amendment;(b) By acknowledging receipt of this amendment on each copy of the offer submitted; or(c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>							
12. ACCOUNTING AND APPROPRIATION DATA (If required)							
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.							
	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. I2.05 CHANGES-FIXED PRICE (AUG 87)						
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)						
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 43.01						
	OTHER (Specify type of modification and authority)						
E. IMPORTANT: Contractor [] is not, [X] is required to sign this document and return <u>1</u> copies to the issuing office.							
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)							
Please see the following pages.							
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.							
15A. NAME AND TITLE OF SIGNER (Type or print)				16A. NAME OF CONTRACTING OFFICER Verna L. Velez			
15B. NAME OF CONTRACTOR/OFFEROR BY _____ (Signature of person authorized to sign)		15C. DATE SIGNED		16B. UNITED STATES OF AMERICA BY <u>Verna L. Velez</u> (Signature of Contracting Officer)		16C. DATE SIGNED 29 August 2001	

The purpose of this amendment is to extend the closing date for receipt of proposals to October 5, 2001 at Fort Belvoir, VA, 3:00 pm EST, and address questions proposed by prospective offerors concerning the solicitation.

1. Q: Referencing Section J list of attachments, the McEntire Air National Guard Base (ANGB) electric distribution system is listed as Attachment J5. The attachment, however, was inadvertently labeled at Attachment J6. Comments related to the electric system refer to J5 clauses. Is the existing J section correct?

A: Section J is the correct number for subject attachment, and is reflected as such on the web site.

2. Q: Referencing Clause J5.1, the McEntire ANGB is owned by the United States Government and is operated by the South Carolina Air National Guard (SCANG). It is noted that the party of record for the current electric and natural gas utility service contracts is the SCANG, and not the Federal Government.

A: Yes, the Federal Government owns the McEntire fee-owned land and SCANG uses (operates) it. As the user/operator, SCANG is authorized to enter into service contracts to maintain it.

a. Q: In view of the historical utility service arrangements, will any privatized utility service contracts awarded under the Solicitation be with the SCANG or the Government?

A: The SCANG is considered an agency of the Federal Government, if privatization proves to be economical; the award will be executed by the federal government. Thus, if there are no acceptable proposals, maintenance/operation of the electrical system at McEntire will remain as per the status quo.

3. Q: Referencing Clause J5.2.1.2, the Table 1 inventory appears to erroneously include a 7,500 kVa pad-mounted transformer. It may be that the inventory inadvertently double-counted the 1,500 kVa transformer listed as being installed in 2000. Please clarify. If the 7,500 is correct, why was it installed when the total system load is less than 2,000 kVa?

A: It should be 750 kVa in lieu of 7,500 Kva.

4. Referencing Clause J5.4, additional information is required regarding the load characteristics for the portion of the Base served by Tri-County Cooperative as follows (i.e., similar to the information provided in the Solicitation for SCE&G):

a. Q: What is the annual power requirement in terms of peak demand (kW) and annual energy usage (kWh)?

A: The Tri-County Cooperative provides electricity for 11 of the 95 base facilities. This represents only a small portion of the combined annual usage shown in paragraph J5.4. Peak demand figures are not available.

b. Q: What is the number of building or other premises served by Tri-County?

A: The Tri-County Cooperative provides electricity for 11 of the 95 base facilities; GCA Radar Site – Bldg 666, Small Arms Range – Bldg 276, 323, 324, and 3320, and Ammunition Storage Site – Buildings 256, 310, 311, 313, 314, and 315.

c. Q: How many are there and what is the capacity of the Government-owned transformers on this part of the system?

A: The transformers shown in Table 1 are the total number of ANG-owned transformers on the entire base (SCE&G plus Tri County Cooperative areas). Three of these transformers are on the portion of the base for which Tri County Cooperative provides electricity. All three are located at Bldg 666 and are shown in the Section J electrical inventory as”50 kVA, pad mounted, oil filled, installation in 1985”.

5. Various DoD offices (e.g., Huntsville Corps of Engineers and Fort Irwin) have indicated that Federal income taxes are to be excluded from comparative life cycle cost analyses of privatization proposal since there would be no net cost to the Government.

a. Will Federal income taxes be excluded from the McEntire cost analyses?

ANS: No

b. If so, will guidance be provided regarding how to identify such costs, or will this be left to the discretion of an offeror?

ANS: The offeror is required to provide their pricing methodology, which should disclose any taxes that may be included in their price proposal.

6. Section B.5.1 (Schedule B-2) of the Solicitation states that the subCLIN AA monthly credit as payment for the purchase price shall include all applicable taxes. An investor-owned entity may propose a zero dollar purchase of the system, in which case there would be no bill credit. Assume further that the acquisition would be treated as a contribution in aid of construction (CIAC), and that the income tax component of the CIAC would be a positive amount. May the credit in fact be a positive number?

ANS: The law of USC 10.2688 requires the government to receive fair market value for the system. If an offeror proposes a zero dollar amount and the IRS conducts an audit and determines the offeror did not pay fair market value, the IRS will assess this tax to the new owner. The new owner will not be able to pass those cost back to the government after the fact. Therefore, the government has structured the RFP to allow offerors to propose a credit

if they choose to do and then recovery the credit under the "Recovery Portion of Purchase" (see schedule L-3).

7. Other taxes potentially applicable to the purchase of the system are state sales and property taxes. Assume, for example, that the purchase price is \$1 million and there is an associated tax burden of \$100,000. An offeror might then propose a net purchase price of \$900,000. Referencing the Section L.9.6 instructions for Schedule L-3, the recoverable portion of the purchase price shall be between zero and 100 percent of the purchase price. A literal reading of the instructions would limit the recovery to \$900,000 even though an offer would have paid \$1 million. The net effect would be the offeror would not be able to recover applicable taxes. Please reconcile the two proposal preparation instructions.

ANS: An offerors tax liabilities are not considered as part of the purchase price. The purchase price is the amount that the offeror is offering as fair market value for the system. This is a separate issue from the offeror's tax liability. All interested parties are advised to consult with legal counsel on their respective liabilities and handle accordingly within their proposal.

8. Schedule L-3 does not include a column for the proposed monthly payment, as in Schedule B-2 as well as other RFPs issued by the DESC (e.g., the RFP for Fort Leavenworth). Was this an oversight?

ANS: The SCANG RFP is different from the Ft Leavenworth RFP. The SCANG RFP was issued in of the Air Force Air National Guard program. Fort Leavenworth is an Army customer site.